



United States
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Foreign
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FACT SHEET

U.S.-Panama Trade Promotion Agreement Oklahoma Farmers Will Benefit

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The U.S.-Panama Trade Promotion Agreement eliminates tariffs and other barriers on most U.S. goods, increasing export opportunities for agricultural products important to Oklahoma. With immediate elimination of duties on over 60 percent of current U.S. trade, this agreement changes the one-way street of duty-free access currently enjoyed by most Panamanian exports into a two-way street benefiting both countries. The American Farm Bureau strongly supports the agreement, predicting widespread gains for U.S. agriculture exceeding \$190 million per year.

Oklahoma's exports to all countries, estimated at \$871 million in 2007, supported about 8,900 jobs, on and off the farm. These export sales make an important contribution to the Oklahoma farm economy which had total cash receipts of \$5.1 billion in 2006.

Beef. The cattle and calf industry generated \$2.8 billion in farm cash receipts in 2006, or about half of the state's total. This industry will benefit from this agreement.

- Panama will immediately eliminate its 30-percent duty on beef products of most importance to the U.S. beef industry--prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariffs on other edible offal will be eliminated immediately.
- Panama has already implemented our December 2006 bilateral agreement on sanitary and phytosanitary (SPS) measures, reopening its market to U.S. beef by bringing its import requirements related to BSE into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Pork. Hog farming is the state's second largest source of farm cash receipts and totaled \$566 million in 2006, and the industry will benefit from the Panama FTA.

- Panama will provide immediate duty-free access within preferential tariff-rate quotas (TRQs) for 2,554 tons of U.S. pork products, including 1,600 tons of fresh

and frozen pork cuts, 636 tons of pork fat and bacon, and 318 tons of processed pork. Most of these products currently face tariffs of 70 percent. The TRQ quantities will expand and the over-quota tariffs will be eliminated in 15 years.

- Panama will also eliminate its 10-percent tariff on pork variety meats immediately on entry into force of the Agreement.
- In addition, Panama has already implemented our December 2006 bilateral agreement on SPS measures by recognizing the equivalence of the U.S. meat inspection system, allowing U.S. inspectors to certify pork for export to Panama without having each facility and shipment inspected by Panamanian authorities.
- The National Pork Producers Council supports the Agreement, saying "This agreement will contribute greatly to the bottom line of U.S. pork producers by opening up new market access to more than 3 million additional consumers in the Western Hemisphere."

Poultry Meat. Broilers are the state's third largest source of farm cash receipts and totaled \$498 million in 2006. From 2004 through 2006, U.S. suppliers shipped an average 5,700 tons of poultry meat valued at \$7 million to Panama each year. However, exports are mostly limited to turkey cuts and whole turkeys due to a 260-percent tariff on broiler leg quarters. The broiler industry will benefit from the Panama agreement.

- The 260-percent tariff currently applied to chicken cuts will be eliminated immediately for mechanically de-boned chicken, within 5 years for wings and 10 years for other chicken cuts except leg quarters.
- Panama will provide immediate duty-free access within a preferential TRQ for chicken leg quarters that starts at 660 tons and grows each year by 10 percent. The 260-percent over-quota tariff will be eliminated in 18 years.
- U.S. poultry exporters will continue to have access to the global 756 ton TRQ for chicken cuts that is part of Panama's World Trade Organization commitments.
- Panama will eliminate its 15-percent duties on turkey meat immediately for frozen whole turkeys and most frozen turkey cuts. The 15-percent tariffs on processed turkey and chicken will be eliminated within 5 years.
- In addition, Panama has already implemented our December 2006 bilateral agreement on SPS measures by recognizing the equivalence of the U.S. poultry inspection and disease monitoring systems, allowing U.S. inspectors to certify poultry for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Wheat. As the nation's ninth largest exporter of wheat and wheat products with overseas sales estimated at \$334 million in 2007, Oklahoma wheat growers will benefit from this agreement.

- Panama's current zero-tariff treatment for wheat will be locked in place immediately upon implementation of the Agreement.
- The 10-percent tariff on wheat flour will be eliminated within 12 years.